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## **New Carissa settlement provides \$10.5 million for cleanup, environmental offsets**

### **The U.S. will pay to the ship's owner \$4 million, which will bundle with \$6.5 million to mitigate lingering damages**

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#### **BRENT HUNSBERGER**

The U.S. government and owners of the New Carissa settled a major lawsuit this week, ending a dispute about who caused the storied shipwreck on Oregon's coast and providing \$10.5 million to cover cleanup costs and to offset the oil spill's impact on birds and coastal recreation.

Under the settlement, approved by U.S. District Judge Garr King in Portland, the government agreed to pay the ship's owner and manager \$4 million. In return, however, the ship's owner pledged to put up \$4 million to restore environmental damage stemming from the spill and to pay \$6.5 million to cover the U.S. Coast Guard's costs of cleaning up the 70,000 gallons of heavy fuel oil that leaked from the ship.

Nobody admitted liability in the settlement, and the federal government pledged not to sue the responsible parties in the future.

The deal, set earlier this week, resolves the biggest lawsuit stemming from the spill and provides a way to pay for environmental damage along a sensitive stretch of Oregon's southern coastline, dotted with productive oyster grounds and protected wildlife. The New Carissa ran aground off Coos Bay, and then, in a botched effort at towing to sea, its bow section ran aground again off Waldport.

The legacy of the spectacular shipwreck remains far from resolved.

The state of Oregon's \$25 million trespass judgment against the ship's owner is on appeal. Efforts to restore damaged bird populations and recreation potential won't begin until next year and could take years to complete, federal officials say.

"It's not over by any means," said Larry Mangan, a wildlife biologist managing the restoration process for the U.S. Bureau of Land Management in Coos Bay. "When the restoration is complete, it will be over."

Mangan referred questions about the settlement to the U.S. Department of Justice attorneys, who did not return calls seeking comment. A lawyers representing the ship's owners also did not return phone calls Wednesday.

One Seattle-based marine conservationist said he was disappointed by the settlement, which he called "a pathetic government bailout."

"It sounds like the federal government is paying itself for restoration costs," said Fred Felleman, Northwest director for Ocean Advocates. "The nation's taxpayers end up being out \$4 million."

### **Deal ends fight**

This week's announcement resolves a fight, however, between the federal government and the ship's owner, Taiheiyo Kaiun Co. Ltd. of Japan, one of the world's largest cargo vessel companies.

In the fall of 2001, two Taiheiyo Kaiun subsidiaries and its insurer, The Britannia Steam Ship Insurance Association Ltd., sued the federal government for \$96 million. The suit accused three federal agencies, including the Coast Guard, of negligence for printing outdated navigation guides. The New Carissa ran aground after its captain anchored overnight in what was later determined to be a poor site.

The government filed counterclaims against Taiheiyo Kaiun and Benjamin Morgado, the ship's captain, seeking \$7 million in cleanup costs.

The New Carissa ran aground in February 1999 after anchoring offshore in a storm. The wood-chip freighter leaked 70,000 gallons of fuel oil, putting threatened marbled murrelet and snowy plover populations at risk.

Its grounding sparked a remarkable, at times harrowing, 36-day salvage effort in which the bow split from the stern during an attempt to burn off the oil. The bow beached again after being towed near Waldport and finally was sunk at sea in a barrage of gunfire from a Navy ship and a submarine's torpedo.

The ship's 1,500-ton stern section remains mired on the beach near Coos Bay.

### **Damage assessed**

Earlier this year, the BLM released the results of its damage assessment from the spill. It concluded that 2,300 seabirds and gulls died from the wreck. Between 450 and 800 shorebirds suffered from oiling. The public lost 29,000 chances to visit closed beaches. Only a handful of threatened snowy plovers perished during the spill.

This week's settlement calls for the government to pay for restoration costs that exceed \$4 million by tapping the Coast Guard's \$1 billion Oil Spill Liability Trust Fund. The fund is financed by a 5-cent-a-barrel tax on oil.

The settlement also indicates that ship's owners identified a piece of land for the government to buy and use as restoration for threatened marbled murrelets. Mangan declined to identify the landowner or the property.

Later this year, federal trustees will unveil a restoration plan to compensate for birds and recreation uses lost or harmed during the spill. The plan should be approved following a public comment period this fall, Mangan said.

Mangan said restoration work could begin next summer and probably would take years to complete.

After this week's announcement, only one of three lawsuits stemming from the spill remains unresolved.

### **Other court action**

Last August, a federal appeals court upheld an Oregon jury's \$1.4 million award to a Coos Bay oyster farm for damages from the shipwreck.

In January, the ship's owners placed \$25 million in an escrow account pending their appeal of a Coos County jury verdict that found three companies liable for damages to the state. That case before the Oregon Court of Appeals could take a year or more to wrap up.

"We are in ongoing discussions with the ownership group of the New Carissa," said Kevin Neely, spokesman for Oregon Attorney General Hardy Myers. "Our negotiations with them are very complex. I don't think we're that close to a settlement. But . . . nobody's walked away from the table."

State officials have said the \$25 million judgment will be used to remove the wreck.

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